

Meets Requirement: Yes _____ No _____

Reference Document: _____ Page(s) _____

Description: _____

6.10.2 Third Party Processors

It is the State's intent to use the existing commercial transaction processing infrastructure to the maximum extent possible. Retailers who own or lease POS terminals or who purchase transaction processing services from a third party processor shall be provided with the opportunity to use that equipment and/or service to process EBT transactions. The Contractor is required by FNS regulations to provide retailers with the opportunity to use third party processors to participate in the EBT system, if they so choose. The requirements of 7 CFR 274.12 (h)(5) must be met by third party processors to be certified to participate in the EBT system.

The Contractor shall develop a written Third Party Processor and ATM Network Certification Plan to allow third party processors access to the EBT system. These written third party processor standards shall be submitted to the State within thirty (30) days of the contract effective date and will be reviewed and approved by the State. Interface and certification specifications for participation in EBT shall be made available to the State, all third party processors and retailers statewide at least four (4) months prior to Pilot Implementation. The Contractor shall complete certification of all third party processor systems and retailer-driven systems in a region, that have a signed retailer agreement in place, one (1) month prior to startup of EBT operation in that region. All acquirers wishing to participate in the California EBT system shall undergo certification, regardless of their participation as an acquirer in other EBT systems. The Third Party Processor and ATM Network Certification Plan shall describe in detail the proposed certification requirements, the certification process, and required testing for certification.

While the State does not intend to monitor all contracts or agreements between the Contractor and third party processors, in the event of a dispute, the Project Director must be notified and will serve to help mediate the problem. This does not preclude the Contractor from developing procedures for dispute resolution regarding all areas that could result in disputes. The Contractor shall provide dispute resolution procedures as part of the Third Party Processor and ATM Network Certification Plan.

Certification requires a contractual understanding between the Contractor and the third party processor for settlement and liability. The Contractor shall be responsible for performing a certification test for each third party processor requesting an interface with its EBT system. The test will ensure that every third party processor function, message, response, and error exception meets the third party processor standards set forth by the Contractor as well as all applicable Quest Operating Rules and FNS requirements. For third party processors that have not been previously certified on the Contractor's EBT processing system, the certification shall include, at a minimum, performance testing (throughput and stress), and a review of system security, PIN encryption, and disaster recovery plans. The Contractor shall establish a

contractual understanding with third party processors requiring re-testing and certification for any significant